

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DB STRUCTURED PRODUCTS, INC.,

Plaintiff,

-against-

BALTIMORE AMERICAN MORTGAGE
CORPORATION, INC.,

Defendant.

ECF CASE

07 Civ. 4109 (DLC)(KNF)

INQUEST MEMORANDUM

The purpose of this inquest is to assess the proper amount of Plaintiff's damages, as the Defendant has defaulted. This is a relatively simple issue, because this case seeks to have Defendant repurchase certain loans that it sold to the Plaintiff. The loans must be repurchased for the original purchase price plus accrued interest and any expenditures by Plaintiff. Plaintiff is also entitled to the attorneys' fees expended in bringing this case, because it arises from Defendant breaching the requirement that it would repurchase the subject loans.

The Repurchase Price, as defined in the Deutsche Bank Correspondent Lending Seller Guide ("Seller Guide"), is the sum of the unpaid principal balance of the loans, the premium paid for the loans, accrued and unpaid interest on the unpaid principal balance and all out of pocket costs and expenses incurred by Plaintiff, including items such as foreclosure costs, repairs, insurance and attorneys' fees. *See* Seller Guide at p. 1-32, attached as Exhibit D to the Declaration of Brendan Zahner ("Zahner Decl.") In this case, the unpaid principal balance of the loans at issue is \$1,767,732.19, the accrued and unpaid interest is \$202,878.28 and the premium paid for the loans is \$20,426.39. *See* Declaration of James D. Campbell dated May 21, 2008 at ¶8.

The Seller Guide also required Defendant to indemnify Plaintiff for its damages, including attorneys' fees, that arise from an Event of Default. *See* Seller Guide at p. 1-35. The Seller Guide also explicitly requires indemnification for attorneys' fees incurred in enforcing the Agreement. *Id.* An Event of Default includes the failure of Defendant to comply with the requirements of the Seller Guide. *Id.* at pp. 1-29. The Seller Guide in turn requires that Defendant repurchase loans that go into Early Delinquency, as that term is defined in the Seller Guide. *Id.* at pp. 1-30, 31. Defendant breached the obligation to repurchase the loans, and Plaintiff's attorneys' fees arising from that breach are \$39,129.49. *See* Declaration of John Doherty dated May 21, 2008 at ¶ 14.

As a result, the Court should find that the total damages owed by Defendant in this matter are \$2,030,166.35.

Dated: New York, New York
May 21, 2008

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